

Senate Study Bill 1137 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
TRANSPORTATION BILL BY
CHAIRPERSON RIELLY)

A BILL FOR

1 An Act relating to the licensing of salvage pools, establishing
2 fees, and making penalties applicable.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 321.52, subsection 4, paragraph a, Code
2 2011, is amended to read as follows:

3 a. A vehicle rebuilder or a person engaged in the business
4 of buying, selling, or exchanging vehicles of a type required
5 to be registered in this state, upon acquisition of a wrecked
6 or salvage vehicle, shall surrender the certificate of
7 title or manufacturer's or importer's statement of origin
8 properly assigned, together with an application for a salvage
9 certificate of title, to the county treasurer of the county of
10 residence of the purchaser or transferee within thirty days
11 after the date of assignment of the certificate of title for
12 the wrecked or salvage motor vehicle. This subsection applies
13 only to vehicles with a fair market value of five hundred
14 dollars or more, based on the value before the vehicle became
15 wrecked or salvage. Upon payment of a fee of ten dollars, the
16 county treasurer shall issue a salvage certificate of title
17 which shall bear the word "SALVAGE" stamped or printed on the
18 face of the title in a manner prescribed by the department. A
19 salvage certificate of title may be assigned to an educational
20 institution~~;~~ a new motor vehicle dealer licensed under chapter
21 322~~;~~ a person engaged in the business of purchasing bodies,
22 parts of bodies, frames, or component parts of vehicles for
23 sale as scrap metal~~;~~ or a salvage pool~~;~~ or an authorized
24 vehicle recycler licensed under chapter 321H. An A salvage
25 pool licensed under chapter 321H may reassign, or an authorized
26 vehicle recycler licensed under chapter 321H or a new motor
27 vehicle dealer licensed under chapter 322 may assign or
28 reassign an Iowa salvage certificate of title or a salvage
29 certificate of title from another state to any person, and the
30 provisions of section 321.24, subsection 5, requiring issuance
31 of an Iowa salvage certificate of title shall not apply. A
32 vehicle on which ownership has transferred to an insurer of
33 the vehicle as a result of a settlement with the owner of the
34 vehicle arising out of damage to, or unrecovered theft of, the
35 vehicle shall be deemed to be a wrecked or salvage vehicle

1 and the insurer shall comply with this subsection to obtain a
2 salvage certificate of title within thirty days after the date
3 of assignment of the certificate of title of the vehicle.

4 Sec. 2. Section 321H.2, Code 2011, is amended by adding the
5 following new subsection:

6 NEW SUBSECTION. 01. "*At retail*" means to dispose of a motor
7 vehicle to a person who will devote it to a consumer use.

8 Sec. 3. Section 321H.2, subsection 3, Code 2011, is amended
9 to read as follows:

10 3. "*Extension*" means a place of business of an authorized
11 vehicle recycler or salvage pool other than the principal
12 place of business within the county of the principal place of
13 business.

14 Sec. 4. Section 321H.2, Code 2011, is amended by adding the
15 following new subsection:

16 NEW SUBSECTION. 4A. "*Salvage pool*" means as defined in
17 section 321.1.

18 Sec. 5. Section 321H.3, Code 2011, is amended to read as
19 follows:

20 **321H.3 Prohibitions.**

21 1. Except for educational institutions; persons licensed
22 as new vehicle dealers under chapter 322; persons engaged in
23 a hobby not for profit; persons engaged in the business of
24 purchasing bodies, parts of bodies, frames, or component parts
25 of vehicles only for sale as scrap metal; or persons licensed
26 under the provisions of this chapter as authorized vehicle
27 recyclers or salvage pools, a person in this state shall not
28 engage in the business of any of the following:

29 ~~1-~~ a. Selling or offering for sale used bodies, parts
30 of bodies, frames, or component parts of more than six used
31 vehicles subject to registration in a twelve-month period.

32 ~~2-~~ b. Dismantling, scrapping, recycling, or salvaging more
33 than six vehicles subject to registration in a twelve-month
34 period.

35 ~~3-~~ c. Rebuilding or restoring for sale more than six

1 wrecked or salvage vehicles subject to registration in a
2 twelve-month period.

3 ~~4. d.~~ Storing more than six vehicles not currently
4 registered or storing damaged vehicles except where such
5 storing of damaged vehicles is incidental to the primary
6 purpose of the repair of vehicles for others.

7 2. a. A person who is licensed as an authorized vehicle
8 recycler shall not be licensed as and shall not engage in the
9 business of a salvage pool.

10 b. A person who has been issued a salvage pool license shall
11 not do any of the following:

12 (1) Be licensed as an authorized vehicle recycler.

13 (2) Engage in the business of a vehicle rebuilder, a used
14 vehicle parts dealer, or a vehicle salvager.

15 (3) Engage in the business of selling vehicles at retail.

16 Sec. 6. NEW SECTION. 321H.4A Salvage pool licensure.

17 1. A person shall not engage in business as a salvage pool
18 in this state without first obtaining a license as provided in
19 this section.

20 2. a. Application for a salvage pool license shall be
21 made to the department on forms provided by the department.
22 The application shall be accompanied by a fee of seventy
23 dollars for a two-year period or part thereof. The license
24 shall be approved or disapproved within thirty days after
25 application for the license. A license expires on December 31
26 of even-numbered years. A licensee shall have the month of
27 expiration and the month after the month of expiration to renew
28 the license. A person who fails to renew a license by the end
29 of this time period and desires to hold a license shall file a
30 new license application and pay the required fee. A separate
31 license shall be obtained for each county in which the licensee
32 conducts salvage pool operations.

33 b. The applicant shall demonstrate that the applicant will
34 have the facilities and equipment necessary to engage in the
35 business of a salvage pool.

1 *c.* The applicant shall certify that the applicant does not
2 hold a license to operate as an authorized vehicle recycler
3 and does not engage in business as a vehicle rebuilder, a used
4 vehicle parts dealer, or a vehicle salvager.

5 3. Each licensee shall file with the department a
6 supplemental statement form when the licensee's principal place
7 of business, an extension, or the operation of business in the
8 county is changed to differ from the information contained on
9 the initial license application form at least ten days prior
10 to the change. The department shall notify each licensee of
11 the approval of a change in license status. If a change in
12 license status is approved by the department, the licensee
13 shall surrender the old license to the department together with
14 a thirty-five dollar fee. The department shall issue a new
15 license modified to reflect the principal place of business,
16 each extension, and the operations of the licensee.

17 4. *a.* A salvage pool license authorizes the licensee
18 to store and display wrecked or salvage vehicles for resale
19 and solicit bids for the sale of such vehicles on behalf
20 of insurance companies, lenders, or licensed motor vehicle
21 dealers. A salvage pool may reassign the salvage certificate
22 of title as provided in section 321.52, subsection 4, paragraph
23 "a".

24 *b.* As a condition of the license issued under this section,
25 a salvage pool licensee shall comply with all local zoning
26 requirements and local ordinances applicable to the operation
27 of the salvage pool business.

28 Sec. 7. Section 321H.8, subsection 2, Code 2011, is amended
29 to read as follows:

30 2. A person who has been convicted of a fraudulent practice,
31 has been convicted of three or more violations of section
32 321.92, subsection 2, or section 321.99, or has been convicted
33 of any indictable offense in connection with selling or other
34 activity relating to vehicles, in this state or any other
35 state, shall not for a period of five years from the date

1 of conviction be an owner, salesperson, employee, officer of
2 a corporation, or representative of an authorized vehicle
3 recycler or a licensed salvage pool or represent themselves as
4 an owner, salesperson, employee, officer of a corporation, or
5 representative of an authorized vehicle recycler or a licensed
6 salvage pool.

7 EXPLANATION

8 This bill establishes licensing requirements and licensing
9 fees for vehicle salvage pools.

10 "Salvage pool" is defined as the business of selling wrecked
11 or salvage vehicles at auction. Under the bill, a person is
12 prohibited from engaging in the business of a salvage pool
13 without obtaining a license. The licensing application process
14 mirrors the process currently established for authorized
15 vehicle recyclers. The fee for a two-year license is \$70, and
16 a separate application is required for each county in which the
17 licensee conducts salvage pool operations. Licenses expire
18 on December 31 of even-numbered years, with a one-month grace
19 period for renewal. License fees are credited to the road use
20 tax fund.

21 As a condition for licensure, an applicant must demonstrate
22 that the applicant will have the necessary facilities and
23 equipment to engage in the salvage pool business. In addition,
24 the applicant must certify to the department that the applicant
25 does not hold a license to operate as an authorized vehicle
26 recycler and does not engage in the business of a vehicle
27 rebuilder, used vehicle parts dealer, or vehicle salvager. The
28 bill prohibits a person from being licensed as both a salvage
29 pool and an authorized vehicle recycler, and a salvage pool
30 licensee may not sell vehicles at retail.

31 A licensee is required to notify the department whenever
32 there is a change in the location of the principal place of
33 business, an extension location, or the operation of the
34 business within a county. If the change in status is approved
35 by the department, a new license is issued upon payment of a

1 \$35 fee.

2 The bill specifies that a salvage pool licensee is
3 authorized to act on behalf of sellers who are insurance
4 companies, lenders, or licensed motor vehicle dealers by
5 storing and displaying wrecked or salvage vehicles for
6 resale or soliciting bids for the sale of those vehicles. To
7 facilitate the sale, a salvage pool may reassign the salvage
8 certificate of title to a person who is allowed, under current
9 law, to take title to a wrecked or salvage vehicle. The list of
10 persons who may be assigned such a title include educational
11 institutions; new motor vehicle dealers; persons engaged in
12 the business of purchasing bodies, parts of bodies, frames, or
13 component parts of vehicles for sale as scrap metal; authorized
14 vehicle recyclers; or persons from other states who are
15 licensed or authorized in their home state to purchase wrecked
16 or salvage vehicles. A salvage pool licensee is required to
17 comply with zoning requirements and local ordinances applicable
18 to the business.

19 The department may deny, revoke, or suspend a salvage
20 pool license for the same reasons currently applicable
21 for authorized vehicle recycler licenses. Those reasons
22 are: violations of the licensing provisions; material
23 misrepresentation in connection with an application for
24 a license, certificate, or registration; conviction of a
25 fraudulent practice or any indictable offense in connection
26 with selling or other activity relating to vehicles; three
27 or more convictions for certain offenses relating to vehicle
28 identification numbers and registrations; failure to maintain
29 an established principal place of business without notifying
30 the department; previous license denial, suspension, or
31 revocation within the last three years; or a final judgment of
32 a court that the person committed consumer fraud in connection
33 with selling or other activity relating vehicles.

34 A violation of the salvage pool licensing provisions is
35 a serious misdemeanor. A serious misdemeanor is punishable

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1 by confinement for no more than one year and a fine of at
2 least \$315 but not more than \$1,875. A person convicted of
3 a fraudulent practice, three or more violations relating to
4 vehicle identification or registration, or any indictable
5 offense in connection with selling or other activity relating
6 to vehicles is prohibited from being or representing themselves
7 as an owner, salesperson, employee, corporate officer, or
8 representative of a salvage pool for five years from the date
9 of conviction.